

ERIC A. NYBERG, ESQ. (Bar No. 131105)
CHRIS D. KUHNER, ESQ. (Bar No. 173291)
KORNFELD, NYBERG, BENDES & KUHNER, P.C.
1970 Broadway, Suite 225
Oakland, California 94612
Telephone: (510) 763-1000
Facsimile: (510) 273-8669

Attorneys for A.G. Ferrari Foods, Debtor

UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

In re

A.G. FERRARI FOODS,

Debtor.

Case No. 11-43327 EDJ

Chapter 11

**DECLARATION OF MARK
BARBEAU IN SUPPORT OF: 1)
MOTION BY DEBTOR TO SELL
SUBSTANTIALLY ALL OF ITS
ASSETS FREE AND CLEAR OF
LIENS, CLAIMS,
ENCUMBRANCES AND
INTERESTS; AND 2) MOTION TO
ASSUME AND ASSIGN LEASES**

Date: TBD

Time: 2:30 p.m.

Ctrm: 215

U.S. Bankruptcy Court
1300 Clay Street
Oakland, California

I, Mark Barbeau, declare as follows:

1. I am a member and co-founder of Renovo Capital, LLC, a Delaware limited liability company formed in November 2008 ("Renovo"). I submit this declaration in support of the Motion to Assume and Assign Leases ("Lease Motion") and Motion by Debtor to Sell Substantially All of its Assets Free and Clear of Liens, Claims Encumbrances and Interests ("Sale Motion" and together with the Lease Motion, the "Motions") filed on behalf of A.G. Ferrari

1 Foods, the debtor and debtor-in-possession ("Debtor"). I submit this declaration based upon my
2 personal knowledge and if called as a witness, I could and would testify competently as to each
3 matter stated herein.

4 2. I know the following of my own personal knowledge and could and would testify
5 competently thereto if called upon to do so.

6 3. Renovo is a private equity firm that invests in distressed and special situation
7 companies through its fund which it manages, Renwood Opportunities Fund 1, LLC ("Renwood
8 Opportunities"). Renwood Opportunities has \$50 million of committed capital of which over \$30
9 million remains yet to be deployed. Through Renwood Opportunities, Renovo generally invests \$5
10 million to \$15 million per transaction in a variety of industries, primarily in the western United
11 States. Renovo has offices in Dallas, Denver and Southern California.

12 4. Since 2009, Renovo, through Renwood Opportunities and other affiliates, has
13 successfully acquired four companies in the consumer products, automotive and building products
14 industries.

15 5. Through the Lease Motion, the Debtor respectfully seeks an Order approving the
16 Debtor's assumption of the unexpired real or personal property leases outlined in Exhibits A and B
17 to the Declaration of Patricia T. Saucy (the "Unexpired Leases") and their subsequent assignment
18 to Renovo or its designee subject to the terms of the Asset Purchase Agreement entered between
19 Renovo and the Debtor on _____, 2011 (the "APA"), including but not limited to section
20 1.3.

21 6. There are no defaults as to the personal property leases in Exhibit B. The defaults
22 that exist on certain real property leases along with the corresponding cure amount (the "Cure
23 Amount") are outlined in Exhibit A. The Cure Amount will be paid upon closing of the sale or
24 reserved in cash, in accordance with section 1.3 of the APA. In connection with the APA, the
25 corresponding Sale Motion and the Lease Motion, I have reviewed the list of Unexpired Leases to
26 consider which leases Renovo or its designee will attempt to renegotiate under the APA for
27 purposes of assumption and assignment.

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1 7. The APA was reached as a result of continued arm's length negotiations between
2 the Debtor and Renovo throughout the course of the Debtor's Chapter 11 bankruptcy. The same is
3 true concerning the decisions to accept leases in conjunction with the sale. Renovo and the Debtor
4 were each represented by separate independent counsel throughout the entire APA drafting
5 process and the lease negotiation process. Counsel for the Debtor, Renovo and for the unsecured
6 creditors committee participated in negotiations of the Lease Motion, APA and the Sale Motion.

7 8. In accordance with the APA, Renovo has formed ROF Ferrari Lending 1, LLC, a
8 Delaware limited liability company ("ROF Ferrari Lending"), to acquire the Debtor's assets,
9 including but not limited to the Unexpired Leases. ROF Ferrari Lending will be primarily
10 capitalized by Renwood Opportunities in an amount sufficient to fund the transaction at closing
11 and provide adequate working capital financing. Renwood Opportunities has sufficient capital and
12 the financial wherewithal to provide adequate assurance of future performance of the Unexpired
13 Leases assigned pursuant to section 1.3 of the APA.

14 9. Moreover, assumption and assignment of the Unexpired Leases is critical to
15 continued operations of the Debtor's business. The Unexpired Leases include ten leases for non-
16 residential real property, including nine retail locations and the Debtor's commissary, and six (6)
17 personal property leases for vehicles and equipment. Renovo intends to continue operations of the
18 Debtor's retail stores associated with the assigned Unexpired Leases, the commissary and
19 wholesale and internet channels. Thus, Renovo must perform on the assigned Unexpired Leases in
20 order to successfully operate the enterprise it is acquiring from the Debtor. Accordingly, Renovo
21 is able to provide adequate assurance of future performance.

22 10. None of the Renovo entities have done business with the Debtor or any of its
23 principals prior to this proposed transaction. Renovo was introduced to the Debtor by a third party
24 and conducted negotiations on an arms-length basis with the Debtor's principals. There are no
25 other business arrangements with the principals, other than the possibility of engaging Ferrari and
26 Saucy as managers.

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11. Renovo wishes to acquire the Debtor's business operations as part of an investment focus on the food industry, which it views favorably. Negotiations between Renovo, the Debtor and the Creditors' Committee were vigorous and resulted in an increase in the original purchase price offered by Renovo.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed this 19th day of August, 2011 at Oakland, California.

/s/ Mark Barbeau

Kornfield, Nyberg, Bendes & Kuhner, P.C.
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Oakland, California 94612
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FAX: (510) 273-8669